GOVERNMENT OF INDIA
HEAVY INDUSTRIES AND PUBLIC ENTERPRISES
LOK SABHA

UNSTARRED QUESTION NO:1060
ANSWERED ON:24.11.2000
TRANSFER OF HMT KALAMASSERY
GEORGE EDEN

Will the Minister of HEAVY INDUSTRIES AND PUBLIC ENTERPRISES be pleased to state:

(a) whether there is any proposal to handover administrative control of Hindustan Machine Tools Limited (HMT), Kalamassery to Defence Ministry;

(b) if so, the details thereof;

(c) if not, the reasons therefor; and

(d) the details of restructuring plan of HMT?

Answer

MINISTER OF STATE FOR HEAVY INDUSTRIES & PUBLIC ENTERPRISES (DR.VALLABHBHAI KATHIRIA)

(a) to (c): No, Sir. The Kalamassery Unit caters to not only defence requirements, but also to requirements from other sectors.

(d): Salient features of the turnaround plan are as under:

(i) Government of India loan of Rs.39.70 crore has been converted intoequity and interest accrued thereon of Rs.12.74 crore has been written off.

(ii) Fresh equity of Rs.250 crore has been provided.

(iii) Notice for closure of five unviable units has been given and Voluntary Retirement Scheme (VRS) extended to their 454 employees.

(iv) Government has guaranteed issue of bonds by HMT to raise Rs.469 crore for funding VRS for retiring 6493 employees within 2 years and will provide interest subsidy of 50% along with guarantee fee waiver.

(v) The Machine Tools and Watch Business Groups would be converted intosubsidiaries by 31.12.2000. These subsidiaries and the Tractor Business Group would be disinvested in upto 74%.

(vi) Watch Factory, Srinagar would be constituted as a subsidiary and be provided, for a period of three years, annual budgetary support to meet wages and salary outgo.

(vii) Besides, Government has extended guarantee to avail of working capital loan for the Watch subsidiary from banks and Rs.15.10 crore for capital expenditure.